Recordable CD-ROM levy unfair to small businesses

E-BIZ

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Entrepreneurs stand to get sideswiped by a new levy that will boost the cost of recording materials, including recordable CD-ROMs, known as CD-Rs.

The federal government has given the green light to a levy on "recordable media," based on the premise that the material is used to record music, thus depriving artists of their royalties. The money collected is intended for distribution to Canadian recording artists to make up for the income that they have lost from illegal copying.

The amount of the levy, which came into effect Jan. 1, has not been finalized but is expected to be about 50 cents for every 15 minutes of digital recordable time. If that is the case, a CD-R — which can hold up to 74 minutes of music — will cost an additional $2.50 or so. The problem is the assumption that CD-Rs are used primarily to record music. Already, the Canadian Advanced Technology Association has emphasized that the levy will cause lasting damage to the Canadian software industry, which distributes millions of CD-ROMs each year. There is also a widespread belief that firms in that industy will move their business south of the border.

Yet lost among these significant and very real problems is the fact that for small business, CD-R's have quickly emerged as one of most cost-effective technologies for dealing with large volumes of data.

CD-ROM recorders have plummeted in price — you can now find many for less than $400. Each CD-R can hold up to 650 megabytes of data, which makes them an ideal tool for a variety of purposes.

CD-Rs are vital if you become involved in the distribution of video or other forms of multimedia.

An increasing number of small businesses are using self-produced video and other multimedia as tools for marketing, training and other purposes. The levy will penalize these initiatives by boosting costs, because CD-Rs are one of the few practical methods for distributing such information.

No one denies that some CD-Rs are used for illegal purposes. But the ill-conceived levy unfairly penalizes legitimate users of CD-Rs, which are important and useful tools for small business.

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